A Forrester Total Economic Impact™
Study Commissioned By ADP
March 2020

The Total Economic Impact™ Of StandOut Powered By ADP

Cost Savings And Business Benefits Enabled By StandOut From The Marcus Buckingham Company, An ADP Company

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ABOUT FORRESTER CONSULTING

Forrester Consulting provides independent and objective research-based consulting to help leaders succeed in their organizations. Ranging in scope from a short strategy session to custom projects, Forrester's Consulting services connect you directly with research analysts who apply expert insight to your specific business challenges. For more information, visit forrester.com/consulting.

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Benefits And Costs

Cost savings due to reduction in voluntary turnover:

$786,214

Faster time-to-manager productivity:

$655,088

Replacement of performance management system:

$503,588

Executive Summary

StandOut, powered by ADP, is an integrated suite that pairs a technology platform with coaching to help team leaders build engaged, high-performing teams so organizations achieve their employee engagement and performance goals. ADP commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises may realize by deploying StandOut.

The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of the StandOut solution on their organizations. To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed five customers with more than a year of experience using StandOut.

Prior to using StandOut, interviewed organizations conducted annual surveys and goal-setting and performance reviews, but interviewees described those processes as an HR exercise instead of a way to measure and lift team performance. Low adoption of these processes and the infrequency of large-scale engagement surveys drove executives to look for better methods. Leaders wanted a real-world tool that could help them deliver sustained engagement and performance in their teams.

StandOut accomplishes this using a strengths-based approach. Team members take an assessment, which helps managers understand the unique strengths of each team member, and use an interactive online platform for conducting check-ins. StandOut sends managers personalized coaching tips based on the strengths of team members. By providing high-quality and individualized coaching based on team members' strengths, leaders increase the engagement and productivity of employees. They can also identify performance problems faster and effectively address them with their direct reports.

After adopting StandOut, organizations have an easy-to-use solution that is accessible on both PC and mobile devices. In the first year of StandOut use, the interviewees saw dramatic increases in employee engagement scores, largely due to increased attention by their managers. Attentive managers drive higher engagement, which comes from employees rethinking how they work and having what they need to accomplish their best work. Higher employee satisfaction reduces turnover, and better performance management helps struggling employees become high performers. Finally, the most mature organizations have started to research correlations between highly engaged managers with high-performing teams and increased business results.

Key Findings

› **Quantified benefits.** The following risk-adjusted present value (PV) quantified benefits are representative of those experienced by the companies interviewed:

› **Cost savings due to reduction in voluntary turnover.** Voluntary turnover is a key metric for understanding the health of a company's people management strategy. One company was able to cut voluntary turnover by more than 16% in one year. StandOut was a key factor in that reduction because of its ability to ensure that managers are giving the right kind of attention to the individuals on their teams. Attention is a key indicator of higher employee experience scores.[1]

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ROI
217%

Benefits PV
$2.3 million

NPV
$1.57 million

Payback
< 3 months

"For geographically dispersed and remote teams, we see ongoing adoption. Instead of co-locating people in major centers, we have employees who work in remote sites or work from home. StandOut is one of the ways that they stay connected. For co-located teams, the anonymous engagement pulse helps because it gives employees an outlet to say what they feel without fear of repercussion."

Director of leadership and team intelligence, software

- **Faster time to manager productivity.** Interviewees said they believe StandOut saved between two and four months of time for managers to ramp up to 100% productivity. StandOut enables this because leaders can gain quick insights into their teams' strengths, build a culture of attention, and create a level of trust with their employees.
- **Avoided cost of branding on company review sites.** Prospective job candidates visit company review sites regularly when considering a transition. Because of the increased approval ratings and positive comments, one interviewee saved $80,000 by deciding not to buy a branding package to enhance their company's brand awareness on the ratings site.
- **Reduced engagement survey costs.** Most interviewed organizations were already conducting annual engagement surveys of their employees, but leaders sometimes didn't see results for up to six months. StandOut enabled companies to conduct Engagement Pulse surveys on a more frequent basis. This provided companies with more recent and relevant insights about their teams, and it reduced the annual survey costs by as much as 50%.
- **Replacement of performance management systems**. Companies that replaced pure-play, legacy performance management systems with StandOut saved $225,000 annually. By using StandOut to manage and accelerate performance, organizations invested in a tool set that inspired managers to lift productivity on their teams.

Unquantified benefits. The interviewed organizations experienced the following benefits, which are not quantified for this study:

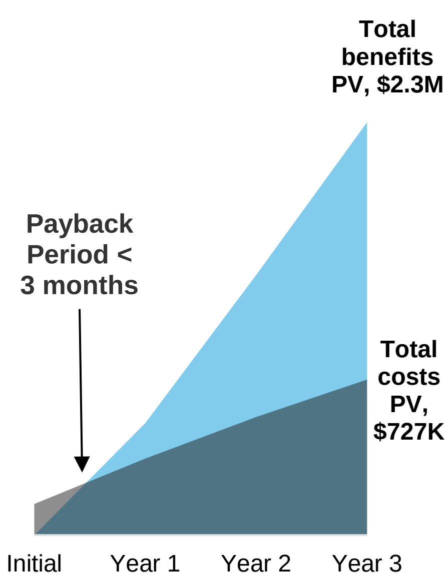
- **Enabling of discovery and engagement of cross-functional dynamic teams.** StandOut is one of the only tools that can identify dynamic teams and drive and measure engagement at the same time. StandOut allowed team leaders to create and launch Engagement Pulse surveys to dynamic teams at a frequency of their choice. Work performed within organizations is often delivered by teams that do not appear on a formal organization chart. Previously, the interviewed companies had no way of understanding or measuring that team-based work. Because of StandOut, leaders could better support the work being done where and when it happens, and measure engagement of teams in real time.
- **Enabling of remote work, building of resilient businesses, and the potential to reduce real estate costs**. Interviewees told Forrester that a strong use case for StandOut is the ability to connect managers with remote or shift workers who may rarely see their direct managers face-to-face. Enabling more remote working scenarios offers the opportunity for companies to decrease real estate costs. For example, one interviewed company was able to lease fewer floors of a downtown building while providing employees the flexibility they craved without sacrificing communication.
- **Increase in engagement, which can lead to higher sales.** One company's early analysis of the program showed an 18% higher retention rate for salespeople who were fully engaged. Those fully engaged salespeople sold 12% more than their less engaged peers. While no company would likely guarantee a claim that it can increase sales by 12% across-the-board, it's certainly valuable to understand the characteristics of what makes a highly engaged salesperson more successful.

Costs. The interviewed organizations experienced the following risk-adjusted PV costs:

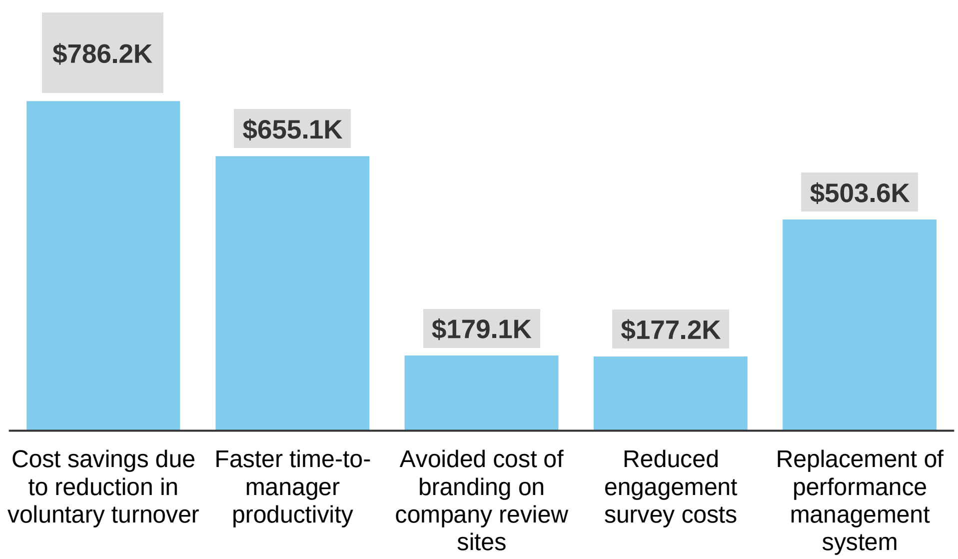
- **Direct costs to use StandOut.** The organizations paid for deployment services, StandOut license costs, and leader workshops. The total three-year present value direct costs paid to ADP for a 2,000-person organization was $656,529.
- **Time spent on deployment and ongoing StandOut maintenance.** One employee spent seven months working full-time on deployment during the initial effort. After the deployment, the cost to run and maintain StandOut took only 5% of that employee's time. The total three-year present value cost for deployment and maintenance was $70,219.

Forrester's interviews with five existing customers and subsequent financial analysis found that a composite organization based on these interviewed organizations would experience benefits of $2,301,131 during three years versus costs of $726,748, adding up to a net present value (NPV) of $1,574,383 and a ROI of 217%.

Financial Summary



Benefits (Three-Year)



TEI Framework And Methodology

From the information provided in the interviews, Forrester has constructed a Total Economic Impact™ (TEI) framework for those organizations considering implementing StandOut.

The objective of the framework is to identify the cost, benefit, flexibility, and risk factors that affect the investment decision. Forrester took a multistep approach to evaluate the impact that StandOut can have on an organization:

The TEI methodology helps companies demonstrate, justify, and realize the tangible value of IT initiatives to both senior management and other key business stakeholders.

DUE DILIGENCE
Forrester TEI consultants interviewed internal StandOut stakeholders to gather data relative to the solution.

CUSTOMER INTERVIEWS
Interviewed five organizations using StandOut to obtain data with respect to costs, benefits, and risks.

COMPOSITE ORGANIZATION
Designed a composite organization based on characteristics of the interviewed organizations.

FINANCIAL MODEL FRAMEWORK
Constructed a financial model representative of the interviews using the TEI methodology and risk-adjusted the financial model based on issues and concerns of the interviewed organizations.

CASE STUDY
Employed four fundamental elements of TEI in modeling StandOut's impact: benefits, costs, flexibility, and risks. Given the increasing sophistication that enterprises have regarding ROI analyses related to IT investments, Forrester's TEI methodology serves to provide a complete picture of the total economic impact of purchase decisions. Please see Appendix A for additional information on the TEI methodology.

The StandOut Customer Journey

BEFORE AND AFTER THE STANDOUT INVESTMENT

Interviewed Organizations

For this study, Forrester conducted interviews with five StandOut customers. Interviewed customers include the following organizations:

INDUSTRY	REGION	INTERVIEWEE	NUMBER OF EMPLOYEES
Insurance	Headquartered in Iowa	Senior HR consultant	1,800 employees
Healthcare	Headquartered in California	Vice president of talent management	33,000 employees
Financial services	Headquartered in Washington	Chief people officer	2,000 employees
High tech	Headquartered in California	Director of leadership and team intelligence	74,000 employees
Software	Headquartered in New Jersey	Vice president of human resources and talent management	57,000 employees

Key Challenges

- **Understanding real-time reads of engagement was near impossible.** Organizations craved more insights into the real-time pulse of engagement so they could understand it and have a measure they could work to increase. By delivering results to the organization and directly to team leaders, they could learn from the insights of the data and action more quickly.

- **Hidden teams were difficult to discover.** Traditional organizational structures did not reveal where much of the companies' work took place because it was often done in cross-functional but unnamed and undocumented teams. In order to harness the value of teams and manage and measure their contributions, organizations needed to first identify the unknown teams doing work. Because StandOut enables any leader to create, organize, or even disband a team, it helped the interviewed organizations to identify these dynamic working groups. That gave a straight line of sight to executives or employee experience teams to understand that the team exist and allowed more meaningful work to come together quickly.

- **Performance reviews were deemed ineffective and universally despised.** Interviewees said that traditional performance reviews were a necessary evil at best or an unproductive waste of time at worst. Whether or not they ultimately abolished the traditional performance review, each of the interviewees said they were looking for tools that managers could use to increase engagement and performance. By using StandOut check-in conversations, organizations were able to increase light-touch conversations between leaders and direct reports to focus and energize work. This reported cadence of 52 sprints versus an annual conversation helped keep momentum in the right places to drive results.

> "We have a dashboard on the system showing quarterly analytics about the managers that check in with their teams. Those team leaders having conversations with their employees have teams that are 45% more fully engaged."
>
> *Vice president of talent management, healthcare*

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Key Results

The interviews revealed that key results from the StandOut investment include:

- **Increased engagement drove increased performance.** StandOut defines engagement as the emotional precursor to performance. Team leaders ask a short series of well-researched questions designed to help predict employee behaviors that are shown to lead to increased engagement so results can be met with meaningful actions. Increased engagement leads to higher retention, productivity, and innovation.

  One interviewee said their company's engagement levels had plateaued, but after deploying StandOut, managers reinvigorated employees by having weekly check-in conversations. These check-ins are based on the practices of the world's best leaders. During them, employees share what they love and loathe about their work, as well as what their priorities and needs are for the week ahead. Managers then discuss and mentor team members with StandOut-curated coaching tips for the individual's strengths.

  The vice president of talent management said: "Prior to StandOut, managers were not compliant entering goals on a quarterly basis. Now, 70% of the organization submits check-ins every week. That's basically 40,000 check-ins happening in the tools every week." Analysis found that the key metric was sustained "attention." Those who were being attended to by their managers were more highly engaged. The organization tracked a 19% increase in engagement from the time it deployed StandOut 18 months earlier.

- **Eliminated low-value work and replaced with time for value-added work.** Each year, the interviewed organizations underwent a series of tasks during their annual reviews that included setting goals, giving ratings, calibrating, and offering written reviews. But interviewees universally said these tasks didn't connect to the goals of their teams or help managers motivate and inspire team members. One interviewee said their organization calculated that managers spent 18 to 20 hours on unproductive performance management tasks that cost the organization more than $7 million annually. After adopting StandOut, managers conducted weekly check-ins and quarterly Engagement Pulse surveys, which take little time to complete. The vice president of HR said: "If you were to do a like-to-like comparison, we probably cut the time in half on low-value work per managers. We've asked leaders to reallocate the 75% of the saved time to value-adding work like talking to their teams and coaching them."

- **Developed a strengths-based culture.** StandOut enabled managers to change the nature of their conversations from a tone of management oversight to more like coaching. Managers worked together with employees to build upon their strengths and unlock what excited them about their work to deliver more voluntary discretionary effort. By shifting the conversation and helping employees to utilize their strengths, leaders were able to direct their team members to leverage their talents to deliver more to the business. The senior HR consultant said: "What I started to find after using StandOut myself was that I was really getting to know the team members. I got to know the sorts of things that they love doing and things that maybe they didn't like doing. It was an authentic connection."

"We needed to do some work on how to define a culture. To get everyone moving in the right direction, in terms of how to become an employer of choice, we started thinking about how to become more flexible and fluid. We've always focused on client experience, but we really wanted to focus on employee experience. That's how we got started with StandOut."

Chief people officer, financial services

"We are eliminating low-value work. We were spending $7 million dollars a year on something that did not improve team performance."

Vice president of talent management, software

Composite Organization

Based on the interviews, Forrester constructed a TEI framework, a composite organization, and an associated ROI analysis that illustrates the areas financially affected. The composite organization is representative of the five companies that Forrester interviewed and is used to present the aggregate financial analysis in the next section. The composite organization that Forrester synthesized from the customer interviews has the following characteristics:

Description of composite. The composite has 2,000 full-time employees and an HR department that was challenged to measure and increase employee engagement, positively impact the culture, and deliver impact to the bottom line. Prior to using StandOut, the organization ran annual engagement surveys and conducted annual performance reviews using a legacy solution. But leaders and managers felt disconnected from the results. They felt strongly that the results were not actionable, but more of a “check the box” exercise. StandOut not only helped the organization increase its engagement levels, but it also was a catalyst for increasing manager effectiveness and overall workplace collaboration, innovation, and productivity.

Prior to deploying StandOut, the organization was asked to create a business case focused on hard and quantifiable metrics. The benefits featured in this case study tie back to measurable metrics.

Solution requirements. The organization was looking for a platform that would provide:

- Superior user experience with access from both desktop and mobile environments.
- The ability to reallocate seemingly administrative managerial tasks to higher value-adding work.
- Sustained use to drive engagement.
- A tangible way to accelerate performance.
- A flexible mix of technology and in-person deliveries.

The composite organization believed StandOut provided it the opportunity to check all those boxes.

Education and deployment. The composite organization understood that the way it rolled out StandOut was just as important as what it deployed. In fact, the organization used StandOut to quickly implement a solution proven to achieve results in weeks instead of years. It realized managers needed to understand questions like, “How can I help people to use their strengths to deliver quality work?” and, “What exactly is this thing called a check-in?” The organization designed some sessions, but largely utilizes the StandOut client success team and curates support assets. In addition, the organization leverages StandOut workshops for both team leaders and associates.

Key assumptions

- ✔ 2,000 employees
- ✔ 100 managers
- ✔ 440 assistant managers
- ✔ Remote office locations in addition to a corporate headquarters
- ✔ Building strengths-based culture

Analysis Of Benefits

QUANTIFIED BENEFIT DATA AS APPLIED TO THE COMPOSITE

Total Benefits

Ref.	Benefit	Year 1	Year 2	Year 3	Total	Present Value
Atr	Cost savings due to reduction in voluntary turnover	$186,624	$355,023	$430,110	$971,757	$786,214
Btr	Faster time-to-manager productivity	$155,498	$295,812	$358,376	$809,687	$655,088
Ctr	Avoided cost of branding on company review sites	$72,000	$72,000	$72,000	$216,000	$179,053
Dtr	Reduced engagement survey costs	$71,250	$71,250	$71,250	$213,750	$177,188
Etr	Replacement of performance management system	$202,500	$202,500	$202,500	$607,500	$503,588
	Total benefits (risk-adjusted)	$687,872	$996,585	$1,134,236	$2,818,694	$2,301,131

The table above shows the total of all benefits across the areas listed below, as well as present values (PVs) discounted at 10%. Over three years, the composite organization expects risk-adjusted total benefits to be a PV of more than $2,301,131 million.

Cost Savings Due To Reduction In Voluntary Turnover

Interviewees repeated a common theme: Employees don't leave companies — they leave managers. In a 2015 study, Gallup found that over 50% of Americans have left a job to get away from a manager at some point in their careers.[2] Naturally, it makes sense that improving the manager/employee relationship will have a direct impact on retention numbers.

Executives closely follow attrition rates because the costs to rehire, train, and ramp employees are expensive. While some interviewees tied improvements in retention to the use of StandOut, they acknowledged that other internal initiatives and external factors could have affected the reduction in voluntary attrition rate during that same period. One VP of talent management said, "Because of our efforts in onboarding, learning and development, and StandOut, employees tell us they feel appreciated because we're looking at their strengths and getting them in touch with their managers. We're celebrating because we're on pace to cut voluntary turnover in that position by 33%."

Team leaders gain insights about their teams in multiple ways. Not only do they have weekly check-ins with their teams, they also benefit from frequent surveys of the larger population. One high tech executive said: "We made the strategic choice to help our team leaders. Through helping them, we can help their teams. That was a big reason why we brought in StandOut. It gave us a multipronged approach and gave our team leaders intelligence in moments versus having to wait months for large-scale survey filtering, bureaucracy, and corporate processing." Other executives complained that with large-scale survey data, the results are invalid by the time the readout happens. StandOut Engagement and Performance Pulses allow managers to survey teams in a timely manner

"What's great is that I've heard from both sides. Employees said, 'I feel more comfortable talking to my manager because I can do it through an app.' And [I've heard] from managers, 'My team talked about things I never knew there was any issue with.' So, [StandOut] has opened the lines of communication."

Vice president of talent management, healthcare before they disband.

For the composite organization, Forrester assumes that:

› The cost to replace a manger is 20% of their annual fully burdened salary.

› There's a reduction in number of managers that need to be hired based on data discovered in the interviews.

  - There was a 16-point reduction in assistant manager turnover.
  - There was an 11-point reduction in manager turnover.

› Forty percent of the "credit" is attributed to StandOut based on averaged interviewee responses when asked what percentage they would assign.

The reduction in voluntary turnover rates will vary with:

› The cost of salaries that vary across regions and industries.

› The adoption of StandOut and the impact it has on turnover.

› The quality of other learning and development programs to help onboard employees.

To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year risk adjusted total PV of $786,214.

"Let's liberate intelligence and put it in the hands of our team leaders."

Vice president of talent management, high tech

Impact risk is the risk that the business or technology needs of the organization may not be met by the investment, resulting in lower overall total benefits. The greater the uncertainty, the wider the potential range of outcomes for benefit estimates.

Cost Savings Due To Reduction In Voluntary Turnover: Calculation Table

Ref.	Metric	Calculation	Year 1	Year 2	Year 3
A1	Cost to replace a manager	$94,500*20%	$18,900	$18,900	$18,900
A2	Cost to replace an assistant manager	$50,625*20%	$10,125	$10,125	$10,125
A3	Avoided manager hires	Ramped value based on 11% turnover reduction in Year 2	6	12	15
A4	Reduction in assistant.manager attrition rates	Ramped value based on 16% turnover reduction in Year 2	40	75	90
A5	Costs saved to rehire managers		$113,400	$226,800	$283,500
A6	Costs saved to rehire an assistant manager		$405,000	$759,375	$911,250
A7	Percent attributed to StandOut	40%	40%	40%	40%
At	Cost savings due to reduction in voluntary turnover	A5+A6*A7	$207,360	$394,470	$477,900
	Risk adjustment	↓10%			
Atr	Cost savings due to reduction in voluntary turnover (risk-adjusted)		$186,624	$355,023	$430,110

Faster Time-To-Manager Productivity

Forrester has reported that a large percentage of US employees make a career transition each year, which is costly for companies and causes challenges related to productivity, culture, and training. In the US, more than 25% of the working population experiences career transitions each year.[3] A staggering 33% leave during the first six months of employment.[4] Along with undergoing strong training about company procedures from learning and development teams, new managers must gain an understanding of the players on their teams and their talents.

For managers of shift workers who rarely see their employees, or as more and more organizations enable remote working structures, employees feel less connected to their managers. StandOut-facilitated check-ins allow leaders and team members to connect regularly, even if they don't sit in a room together. One HR executive underscored this point by saying: "As a new leader, I was looking for something to help me understand my team right from the start. StandOut provided this, in part, by letting me read the strengths assessment for my team so our initial conversations started on a positive note. [That let] me establish trust quickly."

For the composite organization, Forrester assumes that:

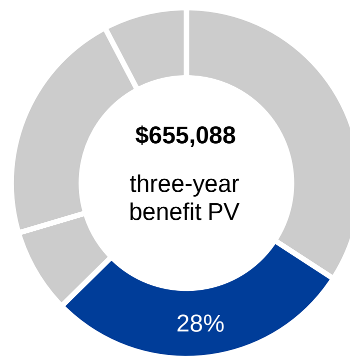
- It is growing and hiring additional managers and assistant managers.
- The number of managers captured in Year 1 accounts for 50% of the total hired that year based on a six-month period to recognize value from StandOut.
- When asked, interviewees said they believe StandOut saves between two and four months of time for managers to ramp to 100% productivity. To be conservative, Forrester used a two-month model.
- Sixty percent of the credit for the savings is attributed to the use of StandOut. The other 40% is attributed to effective internal learning and development programs designed to ramp leaders quickly.

The following risks affect the realization of this benefit:

- Depending on the adoption of employees using StandOut (e.g., taking the strengths assessment), managers may have access to as much data.
- Manager salaries may vary across regions and industries.

To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year risk adjusted total PV of $881,336.

> "StandOut is giving them the technology to have conversations with their managers. StandOut is all about your strengths. What do you want to be doing? If you don't want it, if you don't like Excel, you shouldn't be using it every day."
>
> *Vice president of talent management, healthcare*



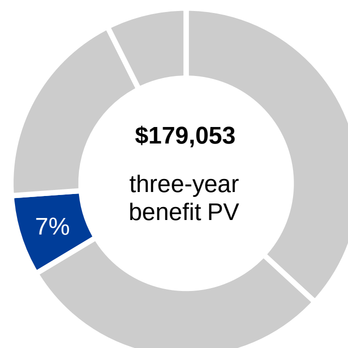
Faster time-to-manager productivity: 28% of total benefits

Faster Time To Manager Productivity: Calculation Table					
Ref.	**Metric**	**Calculation**	**Year 1**	**Year 2**	**Year 3**
B1	Number of new managers	A3	6	12	15
B2	Manager monthly salary	$7,875	$7,875	$7,875	$7,875
B3	New assistant managers ramping	A4	40	75	90
B4	Assistant manager monthly salary	$4,218	$4,218	$4,218	$4,218
B5	Number of months saved ramping to productivity	2 months	2	2	2
B6	Dollars saved ramping to manager productivity	(B1*B2)*B5	$94,500	$189,000	$236,250
B7	Dollars saved ramping to asst. manager productivity		$337,440	$632,700	$759,240
B8	Percent attributed to StandOut	40%	40%	40%	40%
Bt	Faster time-to-manager productivity	(B6+B7)*B8	$172,776	$328,680	$398,196
	Risk adjustment	↓10%			
Btr	Faster time-to-manager productivity (risk-adjusted)		$155,498	$295,812	$358,376

Avoided Cost Of Branding On Company Review Sites

According to a 2016 Glassdoor US site survey, most candidates read six reviews before forming an opinion about a company, and 70 percent of people look to reviews before they make career decisions.[5] In a Forrester Business Technographics survey of information workers, employees who said they trust their managers were 34% more likely to say they would write anonymous positive reviews of their employers (see Figure 1).

Talent management executives take company review sites extremely seriously as their content has a direct impact on whether employees choose to join their organization. Sites like Glassdoor sell “branding packages” that help employers highlight favorable reviews, and they produce content meant to help employers accentuate the positive.



Avoided cost of branding on company review sites: 7% of total benefits

“Our Glassdoor ratings were not very good. When we started to study and improve our culture, our Glassdoor rating was at 2.7. And it was at highest 3.9. We asked ourselves if we should spend the money and brand on Glassdoor. I met with another company that advised, ‘Before you go spend the money on this branding, put some things in place that help the organization with engagement.’ Prospective employees don’t want fakes or gimmicks. They really want a work environment that’s authentic.”

Chief people officer, financial services

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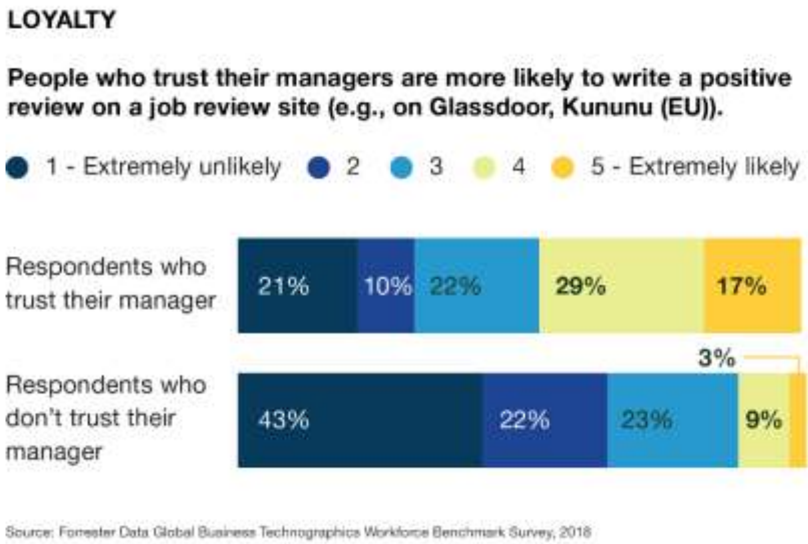
Figure 1



For the composite organization, Forrester assumes that:

- It considered purchasing a Glassdoor branding package from a company review site, but it chose not to because the organization's ratings improved using StandOut.
- The cost of the branding package would have been $80,000 per year.

  The avoided cost of branding on a company review site will vary with the cost of the branding package. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year risk-adjusted total PV of $179,053.

Benefit 3: Avoided Cost Of Branding On Company Review Sites: Calculation Table

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
C1	Avoided cost of buying Glassdoor branding package		$80,000	$80,000	$80,000
Ct	Avoided cost of branding on company review sites		$80,000	$80,000	$80,000
	Risk adjustment	↓10%			
Ctr	Avoided cost of branding on company review sites (risk-adjusted)		$72,000	$72,000	$72,000

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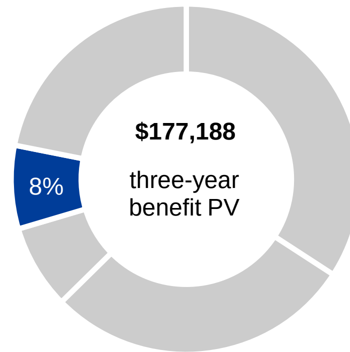
Reduced Engagement Survey Costs

Most of the interviewed organizations previously conducted annual surveys of their employees to understand things like job satisfaction, executive approval, and alignment with corporate goals. These surveys were lengthy to take and backward-looking. Further, results were outdated by the time managers and employees received them — sometimes arriving as much as six months after the initial questions were asked.



Using StandOut Engagement Pulses and weekly check-ins, leaders maintain a consistent read from their employees about their work. This happens while the work is happening so they can give coaching in the moment when it is most impactful. Interviewees described the Engagement Pulse as real-time and lightweight instead of one massive and outdated data set.

For the composite organization, Forrester assumes that:

- The survey costs include the licenses and infrastructure to field survey.
- The cost of the people to analyze and report out on the data is included in the $150,000.

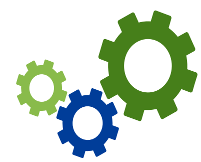
Reduced engagement survey costs: 8% of total benefits

Based on data from the interviews, Forrester applied a 50% savings. In other words, organizations paid 50% less to field the annual surveys and engagement pulses than with their previous vendors.

The following risks affect the realization of this benefit:

- The size and the scope of the organization.
- The number of surveys an organization was previously fielding.

To account for these risks, Forrester adjusted this benefit downward by 5%, yielding a three-year risk adjusted total PV of $177,188.



Survey results in days instead of months

Reduced Engagement Survey Costs: Calculation Table

Ref.	Metric	Calculation	Year 1	Year 2	Year 3
D1	Survey cost before StandOut engagement pulses	$150,000	$150,000	$150,000	$150,000
D2	Amount saved	50%	50%	50%	50%
Dt	Reduced engagement survey costs		$75,000	$75,000	$75,000
	Risk adjustment	↓5%			
Dtr	Reduced engagement survey costs (risk-adjusted)		$71,250	$71,250	$71,250

Replacement Of Performance Management System

Interviewees reported different states of maturity as it relates to their performance management systems. The less-mature companies used spreadsheets to track their ratings, rankings, and reviews. Larger and more mature organizations used legacy IT systems or other pure-play performance management systems.

The organizations decided to replace their traditional performance management systems because managers felt the effort it took to complete what felt like HR processes wasn't worth the investment in time. One talent manager said, "If we're going to do performance management, let's actually do something that helps get more performance."

Not all companies chose to fully replace their performance management systems. As an interviewee from a healthcare company described, "We decided not to rip off the Band-Aid." Instead, it decided to run its performance management and StandOut concurrently. However, even this more conservative company was open to using StandOut to transform its performance management processes.

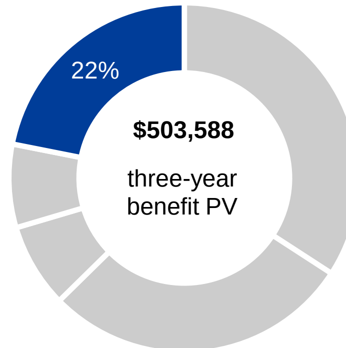
For the composite organization, Forrester assumes that:

- The cost of the legacy software is $225,000.
- That cost includes both the software licenses and the corresponding hardware infrastructure.

The cost savings from replacing the performance management system will vary based on:

- The maturity of the organization and whether or not it used a legacy software program or spreadsheets.
- The size and scope of the organization, which will directly drive the cost of the licenses.

To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year risk adjusted total PV of $503,588.



Replacement of performance management system: 22% of total benefits

Replacement Of Performance Management System: Calculation Table

Ref.	Metric	Calculation	Year 1	Year 2	Year 3
E1	Replacement of performance management system	License and infrastructure cost	$225,000	$225,000	$225,000
Et	Replacement of performance management system	E1	$225,000	$225,000	$225,000
	Risk adjustment	↓10%			
Etr	Replacement of performance management system (risk-adjusted)		$202,500	$202,500	$202,500

Unquantified Benefits

- **StandOut enables discovery and engagement of cross-functional dynamic teams.** One interviewee described their organization's focus on understanding how ever-changing cross-functional teams come together and behave. Traditionally, it looked for teams in the company organization chart that largely depicts financial reporting structure. Working teams emerged as projects were funded or initiatives were explored, but these teams didn't show up in an official reporting line and couldn't be measured. The director of leadership and team intelligence said, "We wanted to relook at how we evaluate engagement, and a lot of the research was saying engagement lives on teams. We had no data to support that assertion because we did annual engagement surveys that would take time to be processed and then cascaded down from executive ranks and eventually to the team leaders." When looking for a technology solution to help them understand how teams form and function, the director of leadership and team intelligence continued, "StandOut was the only thing we saw that allowed us to identify and build the network of teams that we knew already existed so we could harness and support them in new and exciting ways."

- **StandOut enables remote work, resilient businesses, and a potential to reduce real estate costs.** A strong use case for StandOut includes improving communication between shift workers and their managers who may hardly ever see each other in person because of misaligned work times. Increasingly, 9 to 5 office-type jobs are allowing more flexible work locations and hours, even in industries like financial services that traditionally have office-based workers. The Chief people officer said, **"**We are about ready to embark on more of a remote workforce. Our 400 corporate downtown employees are going to work from home while we renovate the office. Executive management suggested we can use StandOut to enable this transition. When the building is finished, only about 160 to 175 people will [work at the] downtown [office], and others will permanently work from home. Downtown traffic is really bad, real estate is very costly, and people want more flexibility overall." Companies ready to sustain or increase engagement regardless of work location will be better prepared to build a resilient business.[6]

- **Increased engagement leads to higher sales.** One interviewee claimed to have found the "golden ticket" to higher sales. Early analysis of their organization's program showed an 18% higher retention rate for people who were fully engaged, and salespeople who were fully engaged had higher performance. The talent management vice president said: "We have an incredibly engaged salesforce. But our most engaged people from the top engagement quartile sell 12% more than [those in] the bottom quartile."

"What we realized, especially in our engineering organization that is in the process of moving from a waterfall [development] approach to a more agile methodology, is that, we have this beautiful diversity of teams happening underneath the surface that you didn't see in an org chart. This was driving not only how our customers experienced us, but also how our employees experience the company."

Director of leadership and team intelligence, high tech

"When we look at individual by individual, those people who are in the top [engagement quartile] are clearly outperforming the people in the bottom in terms of engagement by 12%. So, if we both had a $1 million sales plan and you had lower engagement, you would achieve $1 million and highly engaged would achieve $1,120,000."

Vice president of talent management, software

Flexibility

The value of flexibility is clearly unique to each customer, and the measure of its value varies from organization to organization. There are multiple scenarios in which a customer might choose to implement StandOut and later realize additional uses and business opportunities, including:

Flexibility, as defined by TEI, represents an investment in additional capacity or capability that could be turned into business benefit for a future additional investment. This provides an organization with the "right" or the ability to engage in future initiatives but not the obligation to do so.

› **Tying higher engagement to business results.** Each interviewee described how their organization worked to link engagement to business results. Here are some examples they described:

- "Our COO is very interested in this program to study the multidimensional leader. Besides tracking sales numbers, looking at operational and people leadership, we're trying to create what's called a 'leadership engagement scorecard.' We are exploring the correlations between those folks who are highly engaged with StandOut and highly connected to their employees versus their business results." — Vice president of talent management, healthcare
- "We are understanding why people stay at the company, and their engagement is a big part of that. We can do research around, 'What does your engagement look like on all the teams you're on?' We are curious to see if we can predict why someone might leave, and we are exploring how we can reliably measure that with StandOut." — Director of leadership and team intelligence, high tech
- "We now have data and intelligence behind the attention that team leaders pay to their employees and the impact it has to engagement. We know that higher engagement with sustained frequency leads to high levels of performance or productivity and lower employee attrition." — Director of leadership and team intelligence, high tech

  "Our non-sales employees have an annual bonus plan called an individual performance factor (IPF). We've started to do some research around comparisons of IPFs, and we use performance snapshot items. An early indication from the research shows a correlation that higher IPFs tend to have higher scores on items one and two [in the performance snapshots], which we would kind of intuitively think. But we're trying to unpack that to uncover patterns of behaviors." — Director of leadership and team intelligence, high tech

› **Identifying top leaders as candidates for succession planning.** As more correlation is made between what makes a high-performing executive, companies can look for those future leaders in their management ranks. A vice president of talent management said, "This can be a great value component because we are seeing correlations already between folks who use StandOut on a regular basis and what we would categorize as successful leaders." Being able to groom future executives who have a documented track record of exhibiting the behaviors of a successful leader should prove to be a smart strategic move for companies deploying StandOut.

"We now have a way to research the hidden teams that we knew were there, but we didn't have any way to identify who was on them and what work they were doing. Now we can measure things on those teams. Primarily, engagement. As an example, when you look at attrition, we understand that people stay longer when they are more highly engaged. We can now research what their engagement looks like on their static team versus the dynamic teams they are on."

Director of leadership and team intelligence, high tech

Analysis Of Costs

QUANTIFIED COST DATA AS APPLIED TO THE COMPOSITE

Total Costs

Ref.	Cost	Initial	Year 1	Year 2	Year 3	Total	Present Value
Ftr	Deployment team costs	$57,881	$4,961	$4,961	$4,961	$72,765	$70,219
Gtr	Platform license fees	$0	$264,000	$264,000	$264,000	$792,000	$656,529
	Total costs (risk-adjusted)	$57,881	$268,961	$268,961	$268,961	$864,765	$726,748

The table above shows the total of all costs across the areas listed below, as well as present values (PVs) discounted at 10%. Over three years, the composite organization expects risk-adjusted total costs to be a PV of more than $867,186.

Deployment Team Costs

For the interviewed organizations, the deployment of StandOut was straightforward, but the rollout of the program needed to be carefully orchestrated. Interviewees reported that StandOut required rolling training sessions to ensure leaders and employees bought in. However, the deployment teams were greatly assisted by the stellar training materials that were "prepackaged and ready to go." Postimplementation maintenance was minimal and required only 5% of the deployment teams' time.

The model of the composite organization makes the following assumptions:

- Initial deployment requires one full-time employee (FTE) over the course of seven months. This employee has fully burdened salary in line with the industry average for deployment teams.
- After deployment, maintenance was minimal. One FTE could devote 5% of their time to maintain StandOut.

The following factor may contribute to deployment team costs diverging from the predictions of the model:

- Variability in existing technical ecosystems may contribute to variability in implementation time and resources.
- Other factors might include the level of maturity a company is at regarding performance management, competing initiatives, and lack of available resources.

To account for these risks, Forrester adjusted this cost upward by 5%, yielding a three-year risk-adjusted total PV of $70,219.

Initial deployment took one employee seven months of full-time work.

Deployment Team Costs: Calculation Table						
Ref.	**Metric**	**Calculation**	**Initial**	**Year 1**	**Year 2**	**Year 3**
F1	Deployment team resources	One employee	1			
F2	Average fully burdened salary of deployment team	Salary.com	$94,500			
F3	Months spent deploying StandOut	7	7			
F4	Deployment team costs during rollout	(F1*F2/12)*7	$55,125			
F5	Ongoing costs to maintain StandOut	5% of one employee’s time		$4,725	$4,725	$4,725
Ft	Deployment team costs		$55,125	$4,725	$4,725	$4,725
	Risk adjustment	↑5%	□			
Ftr	Deployment team costs (risk-adjusted)		$57,881	$4,961	$4,961	$4,961

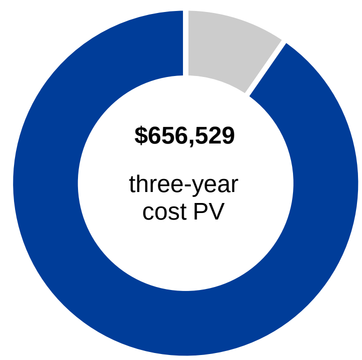
Platform License Fees

Baseline StandOut license fees cover the following features: StandOut assessment, Engagement Pulse, dynamic teams, coaching channel, check-ins, Performance Pulse, admin tools, and reporting. Organizations also have the option to invest in additional coaching and education services. These services can include workshops, certifications, and 1:1 coaching.

The model of the composite organization makes the following assumption:

- The composite organization opts to deploy StandOut with added services like education, coaching, content licensing, and consulting services, which brings the pricing to $120 per employee per year. Please note that organizations have the option to purchase StandOut technology without added services for $55 per employee.
- The following factors may contribute to training and implementation costs that diverge from the predications of the model:
- Each organization will require a different level of custom coaching. This is dependent on the organization’s preexisting state.
- Organization size may additionally affect pricing options.

To account for these risks, Forrester adjusted this cost upward by 10%, yielding a three-year risk-adjusted total PV of $300,909.



Platform license fees: 90% of total costs

Seven months
Total implementation and deployment time

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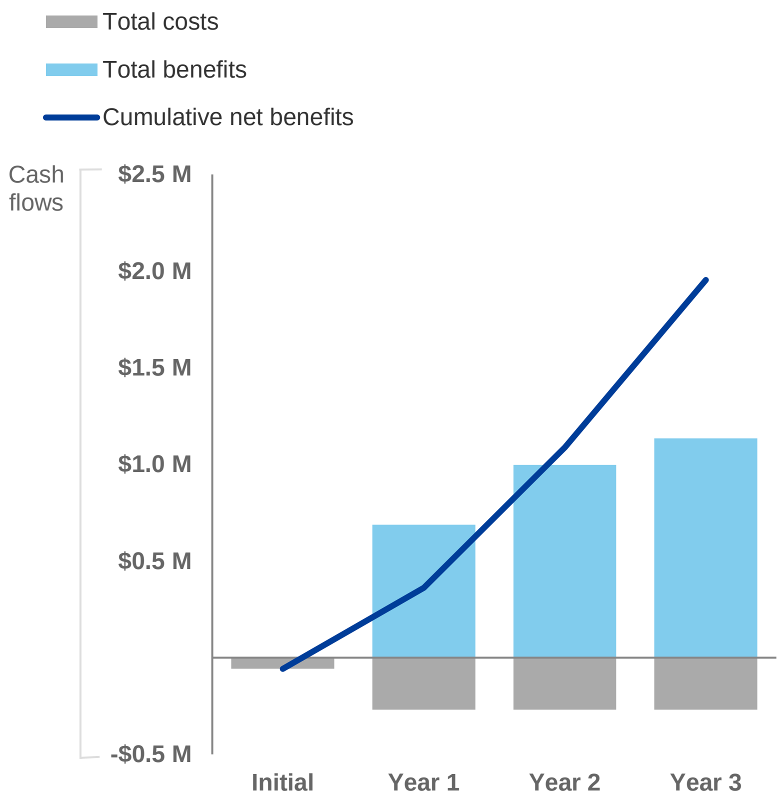
Platform License Fees: Calculation Table						
Ref.	**Metric**	**Calculation**	**Initial**	**Year 1**	**Year 2**	**Year 3**
G1	Number of employees licensed	2,000		2,000	2,000	2,000
G2	License fees	$120 per person per year inclusive of consulting and training		$120	$120	$120
Gt	Platform license fees	G1*G2	$0	$240,000	$240,000	$240,000
	Risk adjustment	↑10%	□			
Gtr	Platform license fees (risk-adjusted)		$0	$264,000	$264,000	$264,000

Financial Summary

CONSOLIDATED THREE-YEAR RISK-ADJUSTED METRICS

Cash Flow Chart (Risk-Adjusted)



The financial results calculated in the Benefits and Costs sections can be used to determine the ROI, NPV, and payback period for the composite organization's investment. Forrester assumes a yearly discount rate of 10% for this analysis.

These risk-adjusted ROI, NPV, and payback period values are determined by applying risk-adjustment factors to the unadjusted results in each Benefit and Cost section.

Cash Flow Table (Risk-Adjusted)

	INITIAL	YEAR 1	YEAR 2	YEAR 3	TOTAL	PRESENT VALUE
Total costs	($57,881)	($268,961)	($268,961)	($268,961)	($864,765)	($726,748)
Total benefits	$0	$687,872	$996,585	$1,134,236	$2,818,694	$2,301,131
Net benefits	($57,881)	$418,911	$727,624	$865,275	$1,953,929	$1,574,383
ROI						217%
Payback period						<3 months

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StandOut: Overview

The following information is provided by ADP. Forrester has not validated any claims and does not endorse ADP or its offerings.

StandOut.

Empower team leaders to build teams that thrive

"A worker is 12x more likely to be Fully Engaged if he or she trusts the team leader." *ADP® Research Institute, Global Study of Engagement*

Are you giving your team leaders and teams the tools they need to do their best work? We're here to help. Based on over 25 years of research, StandOut, powered by ADP, is built for the real world of work. That means it gives team leaders exactly what they need to activate team members' talent.

StandOut starts with the team leader because **engagement** and **performance** happen team by team. Equipped with real-time, reliable data and timely insights, your team leaders can build engaged teams — and you can build a high-performing organization.

StandOut offers an interlocking portfolio of solutions to help you build more teams like your best teams.

Measure	Move	Develop
Employee Engagement immediately measures engagement with ease. An 8-question Engagement Pulse assesses the tangible outcomes that matter most to predict what your teams need. Triggered by HR or by team leaders as they need it, Engagement Pulse quickly provides reliable data to make critical business decisions.	**Team Performance** gives your team leaders a proactive, light-touch way to move the needle on engagement by deploying the one ritual the world's best team leaders use to build high-performing teams: frequent 1:1 conversations about near-term future work. We call these Check-Ins, and they focus attention on what is most important right now and how each team member's strengths can help the team get results.	**Leader Development** offerings activate talent with strengths-based education and coaching experiences. Our workshops, keynotes, and coaching challenge thinking, build capacity, and empower employees to accelerate individual performance and sustain positive behavioral change.

See what happens when personalization at scale meets actionable data.

Put **Employee Engagement**, **Team Performance**, and **Leader Development** where it matters the most. Not with HR, but in the world of team leaders and their teams. StandOut is provided by you, but built for them. So you all win together.

Start driving results by visiting tmbc.com.

Our Offerings

A suite of interlocking technology, coaching, and education experiences that drive results.

From high-tech to high- touch, StandOut helps you get the results your people want and your organization needs. StandOut technology is intuitive and built for the real world of work, while our Leader Development offerings take a strengths-based approach.

Feature	Employee Engagement	Team Performance
StandOut Assessment Discover your people's strengths in just 15 minutes.	●	●
Engagement Pulse Measure in real-time, accurately and with ease.	●	●
Dynamic Teams Create and disband teams as needed.	●	●
Coaching Channel Personalized platform coaching at scale.	●	●
Check-Ins Align priorities with frequent 1:1 conversations.		●
Performance Pulse Assess team member performance reliably.		●
Admin Tools & Reporting Empower leaders and HR with real-time data and insights.	●	●
Client Success & Deployment Strategic partners dedicated to your success.	●	●

Leader Development

Keynotes Designed to inspire large audiences and introduce people to the strengths-based approach in an interactive way. All keynotes are 60 minutes in length.

Workshops Designed to challenge thinking, build capacity, and empower employees to thrive at work. Available in a variety of modalities.

Coaching Strengths-based individual or team sessions delivered by seasoned professional coaches, designed to accelerate individual performance and sustain positive behavioral change.

Appendix A: Total Economic Impact

Total Economic Impact is a methodology developed by Forrester Research that enhances a company's technology decision-making processes and assists vendors in communicating the value proposition of their products and services to clients. The TEI methodology helps companies demonstrate, justify, and realize the tangible value of IT initiatives to both senior management and other key business stakeholders.

Total Economic Impact Approach

Benefits represent the value delivered to the business by the product. The TEI methodology places equal weight on the measure of benefits and the measure of costs, allowing for a full examination of the effect of the technology on the entire organization.

Costs consider all expenses necessary to deliver the proposed value, or benefits, of the product. The cost category within TEI captures incremental costs over the existing environment for ongoing costs associated with the solution.

Flexibility represents the strategic value that can be obtained for some future additional investment building on top of the initial investment already made. Having the ability to capture that benefit has a PV that can be estimated.

Risks measure the uncertainty of benefit and cost estimates given: 1) the likelihood that estimates will meet original projections and 2) the likelihood that estimates will be tracked over time. TEI risk factors are based on "triangular distribution."

The initial investment column contains costs incurred at "time 0" or at the beginning of Year 1 that are not discounted. All other cash flows are discounted using the discount rate at the end of the year. PV calculations are calculated for each total cost and benefit estimate. NPV calculations in the summary tables are the sum of the initial investment and the discounted cash flows in each year. Sums and present value calculations of the Total Benefits, Total Costs, and Cash Flow tables may not exactly add up, as some rounding may occur.

Present value (PV)

The present or current value of (discounted) cost and benefit estimates given at an interest rate (the discount rate). The PV of costs and benefits feed into the total NPV of cash flows.

Net present value (NPV)

The present or current value of (discounted) future net cash flows given an interest rate (the discount rate). A positive project NPV normally indicates that the investment should be made, unless other projects have higher NPVs.

Return on investment (ROI)

A project's expected return in percentage terms. ROI is calculated by dividing net benefits (benefits less costs) by costs.

Discount rate

The interest rate used in cash flow analysis to take into account the time value of money. Organizations typically use discount rates between 8% and 16%.

Payback period

The breakeven point for an investment. This is the point in time at which net benefits (benefits minus costs) equal initial investment or cost.

Appendix B: Endnotes

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[1] Source: “Why EX? Why Now?,” Forrester Research, Inc., November 2018.
[2] Source: Marcel Schwantes, “Why Do People Quit Their Jobs, Exactly? Here's the Entire Reason, Summed Up in 1 Sentence,” Inc. (https://www.inc.com/marcel-schwantes/why-do-people-really-quit-their-jobs-heres-the-entire-reason-summed-up-in-1-sent.html)
[3] Source: Talya N. Bauer, Ph.D, "Onboarding New Employees: Maximizing Success," SHRM Foundation, 2010 (https://www.shrm.org/about/foundation/products/Documents/Onboarding%20EPG-%20FINAL.pdf).
[4] Source: Maren Hogan, "9 Employee Retention Statistics That Will Make You Sit Up And Pay Attention," TLNT, November 30, 2015 (https://www.eremedia.com/tlnt/9-employee-retention-statistics-that-will-make-you-sit-up-and-pay-attention/).
[5] Source: "How Job Seekers Are Using Glassdoor," Glassdoor blog, July 22, 2016 (https://www.glassdoor.com/employers/blog/how-candidates-use-glassdoor/).
[6] Source: “Follow Four Imperatives To Improve The Remote Worker Experience,” Forrester Research, Inc., May 2018.